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UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF NEVADA

In re:) CASE NO.: 10-32725-BAM
)
) Chapter 11
AD SYSTEMS COMMUNICATIONS, INC.,) Date of Hearing: April 19, 2011
) Time of Hearing: 10:00 a.m.
Debtor.)
)

STATUS REPORT

The above-captioned debtor and debtor-in-possession (the “**Debtor**”), through its attorneys, The Schwartz Law Firm, Inc. (“**SLF**”), submits its status report as follows:

1. On December 6, 2010, the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code and the Debtor continues to operate its business as debtor-in-possession.

2. On December 21, 2010, this Court held hearings on and granted the Debtor's first day motions including the Debtor's motions for cash management, extension of time to file schedules and statements, and extension of time to mail notices.

3. On January 18, 2011, this Court granted the Debtor's Retention Applications to retain four professionals, including SLF as attorneys for the Debtor, Kurtzman Carson Consultants, as notice, claim and solicitation agent, Cane Clark LLP as special securities

1 counsel, and Jeffrey H. Boiler, Esq. as special litigation counsel.

2 4. On February 15, 2011, this Court granted the Debtor's application to employ
3 Sadler, Gibb and Associates as auditors for the Debtor.
4

5 5. A hearing on the Debtor's motion to extend its exclusive filing and solicitation
6 periods is set for April 19, 2011. As set forth in the Exclusivity Motion, the Debtor is in
7 pending litigation in the Circuit Court in Marion County, Oregon, Case No. 07-C-20650, and
8 entitled MegAvail, Inc. v. Market Specific Media, Inc., et al. (the "**Oregon Litigation**").
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10 6. The outcome of the Oregon Litigation may dictate the Debtor's ultimate plan of
11 reorganization, accordingly, the Debtor intends to file its Chapter 11 plan and related
12 disclosure statement in connection with the anticipated resolution of the Oregon Litigation.
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15 Dated this 13th day of April, 2011.

16 Respectfully Submitted,
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18

19 /s/Samuel A. Schwartz
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